

AMENDED IN ASSEMBLY FEBRUARY 22, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1868**

**Introduced by Assembly Member Bermudez**

January 17, 2006

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An act to amend, ~~repeal, and add Section 5050 and repeal Sections 5050 and 5054~~ of the Business and Professions Code, relating to accountancy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1868, as amended, Bermudez. Accountancy: licensure.

Existing law provides for the licensing and regulation of accountants by the California Board of Accountancy, in the Department of Consumer Affairs. Existing law ~~requires a person prohibits a person from~~ engaging in the practice of public accountancy in this state ~~to hold unless he or she holds~~ either a valid permit issued by the board or a practice privilege, as specified. *Existing law authorizes a licensed accountant from another state, who does not physically enter California, does not solicit California clients, and does not assert or imply licensure in California, to prepare individual or estate tax returns for natural persons who are or were California residents.*

This bill would, ~~until January 1, 2009,~~ provide that ~~this requirement does not apply~~ *the prohibition against practicing accountancy in California without a license does not apply* to a certified public accountant or public accountant licensed and lawfully practicing in another state or a foreign country to the extent that he or she is temporarily practicing in this state incident to his or her regular practice *and does not make specified misrepresentations. The bill*

would apply the authorization for a licensed accountant who does not enter California to the performance of any tax services, litigation support, expert witness testimony, or consulting incidental to their practice in another state, would also prohibit the foreign licensee from asserting or implying that he or she is the holder of a practice privilege, and would require that California not be his or her principal place of business. The bill would repeal all of these provisions on January 1, 2013.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 5050 of the Business and Professions  
2 Code is amended to read:

3 5050. (a) No person shall engage in the practice of public  
4 accountancy in this state unless he or she is the holder of a valid  
5 permit to practice public accountancy issued by the board or is  
6 the holder of a practice privilege pursuant to Article 5.1  
7 (commencing with Section 5096). ~~Nothing in this chapter shall~~  
8 ~~prohibit a certified public accountant or public accountant~~  
9 ~~licensed in either another state or a foreign country, and lawfully~~  
10 ~~practicing therein, from temporarily practicing in this state~~  
11 ~~incident to his or her regular practice in the state or country in~~  
12 ~~which he or she is licensed.~~

13 (b) *Nothing in this chapter shall prohibit a certified public*  
14 *accountant or a public accountant licensed in another state or*  
15 *foreign country lawfully practicing therein from temporarily*  
16 *practicing in this state incident to an engagement in another*  
17 *state or country, provided that both:*

18 (1) *The temporary and incidental practice is regulated by the*  
19 *accountant's state or country of licensure.*

20 (2) *The accountant does not hold himself or herself out as*  
21 *being licensed or certified by this state or as the holder of a*  
22 *practice privilege pursuant to Article 5.1 (commencing with*  
23 *Section 5096).*

24 *This subdivision applies only to certified public accountants*  
25 *who physically enter California to provide services to clients.*

26 (c) This section shall remain in effect only until January 1,  
27 2009 2013, and as of that date is repealed, unless a later enacted

1 statute, that is enacted before January 1, ~~2009~~ 2013, deletes or  
2 extends that date.

3 ~~SEC. 2. Section 5050 is added to the Business and~~  
4 ~~Professions Code, to read:~~

5 ~~5050. (a) No person shall engage in the practice of public~~  
6 ~~accountancy in this State unless he or she is the holder of a valid~~  
7 ~~permit to practice public accountancy issued by the board or is~~  
8 ~~the holder of a practice privilege pursuant to Article 5.1~~  
9 ~~(commencing with Section 5096).~~

10 ~~(b) This section shall become operative on January 1, 2009.~~

11 ~~SEC. 2. Section 5054 of the Business and Professions Code is~~  
12 ~~amended to read:~~

13 5054. (a) Notwithstanding any other provision of this  
14 chapter, an individual or firm holding a valid and current license,  
15 certificate, or permit to practice public accountancy from another  
16 state may ~~prepare tax returns for natural persons who are~~  
17 ~~California residents or estate tax returns for the estates of natural~~  
18 ~~persons who were clients at the time of death perform tax~~  
19 ~~services, litigation support, expert witness testimony, or~~  
20 ~~consulting incidental to their practice in another state without~~  
21 obtaining a permit to practice public accountancy issued by the  
22 board under this chapter or a practice privilege pursuant to  
23 Article 5.1 (commencing with Section 5096) provided that the  
24 individual or firm does not physically enter California to practice  
25 public accountancy pursuant to Section 5051, does not solicit  
26 California clients, and does not assert or imply that the individual  
27 or firm is licensed or registered to practice public accountancy in  
28 California ~~or a holder of a practice privilege pursuant to Article~~  
29 ~~5.1 (commencing with Section 5096) and California is not their~~  
30 ~~principal place of business.~~

31 (b) The board may, by regulation, limit the number of tax  
32 returns that may be prepared pursuant to subdivision (a).

33 (c) ~~This section shall remain in effect only until January 1,~~  
34 ~~2013, and as of that date is repealed unless a later enacted~~  
35 ~~statute, that is enacted before January 1, 2013, deletes or extends~~  
36 ~~that date.~~